

Message Text

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67

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AEC-11 AID-20 CEA-02 CIEP-02 COME-00

EB-11 FEA-02 FPC-01 INT-08 OMB-01 SCI-06 STR-08

TRSE-00 AGR-20 DRC-01 /192 W
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R 131630Z FEB 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 6215

UNCLAS SAN JOSE 0562

E.O. 11652: N/A

TAGS: ENRG, EGEN, CS

SUBJECT: PRESIDENT FIGUERES' SPEECH ON PRICE RISES

1. OVER NATION-WIDE RADIO AND TELEVISION FEB. 11, PRESIDENT JOSE FIGUERES ANNOUNCED PROPOSED PRICE INCREASES IN SEVERAL ESSENTIAL COMMODITIES. HE INFORMED THE PUBLIC THAT GASOLINE WILL GO UP TO 8.50 COLONES PER GALLON (FORMERLY 4.50 COLONES) WHILE DIESEL, KEROSENE AND BUNKER C WILL ALSO RISE CONSIDERABLY (SEE SAN JOSE 0561). THE PRESIDENT BRIEFLY ANALYZED THE WORLD PETROLEUM CRISIS AND OUTLINED ITS EFFECTS ON THE COSTA RICAN ECONOMY. HOLDING OUT NO HOPE FOR AN END TO RISING CONSUMER PRICES, THE PRESIDENT NOTED THAT AS OF MARCH , 1974, THE PRICE OF MILK WILL INCREASE; OTHERWISE, HE SAID, THE MILK INDUSTRY FACES RUIN. BREAD AND MEDICINES WERE OTHER STAPLES WHICH THE PRESIDENT ANNOUNCED WOULD GO UP. THE PRESIDENT ALSO REMARKED THAT WITH THE PRICE INCREASE OF GASOLINE THERE WOULD ALSO BE AN ACCOMPANYING RISE IN THE BUS FARES.

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2. REFERRING TO PLANS TO REUNIFY THE EXCHANGE RATE,

THE PRESIDENT PROPOSED THAT A SINGLE EXCHANGE RATE BE FIXED AT 8.54 COLONES AND RECALLED THAT IT WAS HE WHO INITIALLY HAD RECOMMENDED THE DUAL RATE. HOWEVER, HE NOT FELT IT ONLY SERVED TO CONFUSE AND WAS NO LONGER NECESSARY.

3. IN ORDER THAT LOWER INCOME FAMILIES NOT SUFFER THE IMPACT OF THE PRESENT ECONOMIC CRISIS, HE SAID, THERE MUST BE AN UPWARD PRICE ADJUSTMENT IN SOME EXPORTS, SUCH AS COFFEE, SUGAR AND BANANAS, AN ILLUSION TO HIS "GRITO DE TRES RIOS" PROPOSAL THAT COFFEE PRODUCER COUNTRIES BAND TOGETHER TO ADD A "100 PERCENT TAX" ON COFFEE EXPORTS.

4. THE PRESIDENT ASKED FOR SACRIFICE ON THE PART OF EVERYONE AND THE COUNTRY'S UNDERSTANDING OF THEIR DIFFICULT FINANCIAL SITUATION WHICH MADE THESE INCREASES NECESSARY. HE ADDED THAT THE INCREASES HAD NOT BEEN ANNOUNCED PREVIOUSLY FOR REASONS OF PRUDENCE-- GIVEN THE HYSTERIA OF THE POLITICAL CAMPAIGN--RATHER THAN OPPORTUNISM.
LANE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GASOLINE, PETROLEUM PRODUCTS, MILK, PRICES, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO00562
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740235/aaaabgza.tel
Line Count: 84
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2002 by elbezefj>; APPROVED <27 NOV 2002 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT FIGUERES' SPEECH ON PRICE RISES
TAGS: ENRG, EGEN, CS, (FIGUERES, JOSE)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005